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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

TARIFFS

New Delhi, the 6th September, 1954

No. 7(1)TB/54.—The Tariff Commission has submitted its Report on the continuance of protection to the Bicycle Industry beyond 31st December, 1954. Its recommendations are as follows:—

- (1) Adequate protection is still necessary for the bicycle industry and it is, therefore, recommended that protection should be continued for two more years, i.e., upto 31st December, 1956.
- (2) The rate of duty on bicycles as well as component parts and accessories of British manufacture should be fixed at 45 per cent. *ad valorem*, exclusive of surcharge, the rates on bicycles and component parts and accessories not of British manufacture being adjusted according to the terms of the relevant Agreements.
- (3) The three new units, namely, T. I. Cycles of India, Ltd., Madras, Sen-Raleigh Industries of India, Ltd., Asansol, and Atlas Cycle Industries, Ltd., Sonapat, should be asked to submit, as early as possible, a half-yearly phased programme for two years (for completion by say, July, 1956) for the manufacture of component parts and the incorporation of indigenously produced parts (subject to the approval of Government) in their bicycles. After this programme has been approved by Government with modification, if any, steps should be taken to ensure that the programme is implemented by watching the progress of manufacture and by allocating foreign exchange only for the import of component parts on the basis of the quantities required for the phased production and not on the

basis of an *ad hoc* reduction of 7½ per cent. in the allocation of every six months.

- (4) The possibility of the new units withdrawing from their commitments already entered into for purchase of machinery, equipment, etc., for the manufacture of component parts should be explored.
- (5) The State Governments within whose territories the ancillary units manufacturing component parts and accessories are situated should carry out an annual census of production and furnish the data to the Ministry of Commerce and Industry.
- (6) It would be desirable if the question of technical and other assistance to the small units manufacturing parts and accessories is referred to the Development Council for Bicycle Industry for advice so that a scheme for giving necessary assistance to the small units could be initiated by the State Governments concerned on the lines of the recommendations made by the Development Council.
- (7) The Development Council for Bicycle Industry may be asked by Government to examine the possibilities of ancillary units producing quality products working in co-operation with producers of bicycles.
- (8) The Development Council for Bicycle Industry may be asked by Government to examine the possibilities of producers with programmes for manufacture of component parts working in collaboration with each other with a view to exchanging component parts manufactured by them among themselves.
- (9) The Development Wing of the Ministry of Commerce and Industry should undertake a technical assessment of the average life of the more important component parts of a bicycle especially the friction parts, such as, hubs, hub cones, chains and free-wheels so that on the basis of a fairly reliable estimate of the total number of bicycles on road, some indication would be available of the scope for development of the ancillary units producing these parts.
- (10) Steps should be taken by the Development Wing of the Ministry of Commerce and Industry to have the tubes produced by Premier Automobiles Ltd., Bombay, and Godrej & Boyce Manufacturing Company, Ltd., Bombay tested at the Government Test House, Alipore, and to furnish the results of the tests to the bicycle producers.
- (11) The Development Council for Bicycle Industry should examine the feasibility of introducing an arrangement similar to the one obtaining in Japan for the inspection of Indian bicycles and bicycle parts.
- (12) In the Steel Expansion schemes which Government are sponsoring, provision should be made for the production of special steel required by the bicycle industry.

- (13) The various Departments of the Central and State Governments should continue to purchase their entire requirements of bicycles and component parts and accessories from indigenous producers, as far as possible.
- (14) The bicycle industry should assist the Indian Standards Institution in formulating standard specifications for bicycle parts as early as possible.
- (15) Research for improving the quality of raw materials requires to be extended further. All the bicycle producers should set apart a substantial sum for utilisation for purposes of research.
- (16) The bicycle industry should bring to the notice of the railway administration specific cases of delay in the movement by rail of raw materials and finished products.

2. Government accept recommendation (1) and steps will be taken to implement it in due course.

3. As regards recommendation (2), the rate of duty recommended by the Commission on cycles (other than motor-cycles) imported entire or in sections [item No. 75(5) of the Indian Customs Tariff] is 47½ per cent. *ad valorem* inclusive of the current surcharge in respect of cycles of British manufacture. Government consider that this rate may not give adequate protection against cheaper bicycles, and have therefore decided that an alternative specific duty of Rs. 60 per bicycle should be imposed. The rate applicable to cycles of non-British manufacture being adjusted as recommended by the Commission. The necessary notifications have been issued to-day.

As regards component parts and accessories covered by tariff items Nos. 75(6), 75(7) and 75(8) the Commission's recommendation involves a considerable reduction in the existing levels of duties. According to the Commission's own findings, the cost data relating to the selected units do not afford sufficient or conclusive evidence for determining the precise quantum of protection required. Many of these components are being produced by small scale producers who have to face special difficulties. In the circumstances Government have decided that the existing duties should continue to apply in respect of component parts and accessories of cycles.

4. Government accept recommendations (3), (5), (6), (7), (10), (12) and (13) and suitable steps will be taken to implement them.

5. Recommendations (4), (8), (9) and (11) will be further considered and steps will be taken to implement them as far as possible.

6. The attention of the industry is drawn to recommendations (14), (15) and (16).

NOTIFICATION

TARIFFS

New Delhi, the 6th September, 1954

No. 7(1)-T.B./54.—In exercise of the powers conferred by sub-section (1) of section 4 of the Indian Tariff Act, 1934 (XXXII of 1934), and in partial modification of the notification of the Government of India in the late Ministry of Commerce, No. 7(1)-T.B./49, dated the 2nd April, 1949, the Central Government hereby directs that there shall be levied on the articles specified in column 2 of the Table annexed hereto, when imported into India, the duties of customs specified in the corresponding entry in column 3 thereof.

THE TABLE

Item Number of Tariff	Name of article	Rate of duty
(1)	(2)	(3)
75 (5)	Cycle (other than motor cycles) imported entire or in sections—	
	(a) of British manufacture	47½ per cent. <i>ad valorem</i> or Rs. 60 per cycle, whichever is higher.
	(b) not of British manufacture	Rate of duty actually charged at the time for such products of British manufacture <i>plus</i> 10 per cent <i>ad valorem</i> .

L. K. JHA, Jt. Secy.